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February 8, 2008

Mr. Byron E. Coy, PE  
Director, Eastern Region  
DOT/PHMSA/OPS/Eastern Region-PHP-100  
409-3rd Street, S.W., Suite 300  
Washington, DC 20024

Reference: Notice of Amendment  
CPF No. 1-2008-1002M

Dear Mr. Coy:

During the week of May 29, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected Valero Natural Gas Pipeline Company's (Valero) operating and maintenance procedures for the transmission gas pipeline at the Paulsboro, New Jersey refinery. On January 23, 2008, as a result of the inspection, Valero received a Notice of Amendment (NOA) letter from OPS, dated January 11, 2008.

The purpose of this letter is to provide OPS with a response to each of the items discussed in the January 11, 2008 NOA. Please note that Valero intends to fully comply with all items identified.

Regarding NOA No. 1, Valero will comply with the proposed NOA, and has developed a draft procedure to address the requirements of §192.605(b)(8). The procedure identifies the responsible person(s) to review the work done by operating personnel, and to determine the effectiveness of the procedures and what corrective action will be taken when deficiencies are identified. The draft procedure is provided for your review as Attachment 1 to this letter.

Regarding NOA No. 2, Valero is currently revising their Class Location boundaries in accordance with §192.609, Change in Class Location. Per §192.625, Odorization of Gas, a combustible gas in a transmission line in a Class 3 or Class 4 location must comply with the requirements of paragraph (a) of this section unless: (1) At least 50 percent of the length of the line downstream from that location is in a Class 1 or Class 2 location. For this pipeline, only the first 0.5 miles of pipeline is designated as Class 3. The remaining 2.1 miles downstream is designated as Class 1. Therefore, approximately 76 percent of the length of the line downstream from the Class 3 location is in a Class 1 location. As such, Valero is no longer required to conduct periodic odorization sampling. It should be noted, however, that although Valero is not required to conduct periodic sampling, the upstream gas supplier does inject odorant in accordance with §192.625. Valero is currently updating their O&M procedures, including removal of Procedure 240 from the Manual.

Valero looks forward to resolving each of the items addressed in the NOA and continuing to improve our pipeline system. Please do not hesitate to contact me or my staff with any comments or questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John Pickering", with a stylized, cursive script.

John Pickering

Vice President and General Manager  
Valero Energy Corporation

## **PERIODIC REVIEW OF WORK DONE BY VALERO PERSONNEL & REVIEW OF OPERATION AND MAINTENANCE MANUAL**

### **PROCEDURE**

The work done by operating personnel will be reviewed by the Valero Paulsboro Refinery's DOT Program Coordinator to determine the effectiveness of the procedures used in normal operation and maintenance. Any necessary corrective action shall be followed and documented when deficiencies are found. These reviews will additionally include procedural changes promulgated by the requirements of any new amendments to 49 CFR Part 192.

Procedures contained in the Operating and Maintenance Manual shall be reviewed at intervals not to exceed fifteen (15) months but at least once each calendar year and appropriate changes made as necessary to ensure that the manual is effective. Metrics to measure the effectiveness of the procedures are captured in the Incident Investigation and Reporting Procedure. The refinery utilized a computerized program also known as "Impact Enterprise"

### **RESPONSIBILITY**

The DOT Program Coordinator assisted by Utility Plant Superintendent or other designated personnel, will be responsible for periodically reviewing the work done by operating personnel to determine the effectiveness of the procedures used in normal operations and maintenance.

The DOT Program Coordinator assisted by Utility Plant Superintendent or other designated personnel, shall be responsible for reviewing and revising the Operating and Maintenance Manual.

### **RECORDS**

The record of all Annual Review Examinations for the Operating and Maintenance Manual shall be maintained by the DOT Program Coordinator.